

Message Text

PAGE 01 NATO 03575 272146Z

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ACTION EUR-25

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C O N F I D E N T I A L USNATO 3575

E.O. 11652: XGDS1

TAGS: EFIN, MCAP, NATO

SUBJECT: INFRASTRUCTURE PLANNING, COST-SHARING PERIOD 1975-1979

REFS: A. STATE 123101, 22 JUN 73

B. USNATO 3091 AND 3340

C. NATO DOCUMENT AC/4-DS/907

BEGIN SUMMARY. THIS SUBJECT CONSIDERED IN INFRASTRUCTURE COMMITTEE 24 JULY 73. IN ADDITION TO SITUATION REPORTED IN REFS B, PRELIMINARY VIEWS OF GERMAN AUTHORITIES AND FURTHER STATEMENTS OF ITALIAN AUTHORITIES WERE PRESENTED. SIGNIFICANT IS THE GERMAN VIEW THAT THE NEXT SLICE GROUP OF NATO INFRASTRUCTURE SHOULD BE FINANCED IN COMMON BY ALL MEMBER COUNTRIES, AND ESTABLISHMENT OF A NEW EDIP SHOULD BE EXCLUDED. GERMANY WOULD CONSIDER A MAJOR INCREASE IN PRESENT CEILING. ITALIAN AUTHORITIES WOULD CONSIDER IAU 300 TO 350 MILLION FOR NEXT SLICE GROUP PLUS AN EDIP OF IAU 150 MILLION, PROVIDED US COST SHARE FOR NEXT COST-SHARING PERIOD 1975-1979 REMAINS AT 29.67 PCT. END SUMMARY.

1. PARA 4 OF REF A REQUESTS REPORT AFTER EACH MEETING
CONFIDENTIAL

PAGE 02 NATO 03575 272146Z

WHERE THIS SUBJECT IS CONSIDERED.

2. THE STATEMENT OF THE GERMAN REPRESENTATIVE FOLLOWS
(ANNEX I TO REF C):

QUOTE THE PRELIMINARY VIEWS OF THE GERMAN AUTHORITIES ON THIS SUBJECT ARE AS FOLLOWS:

1. SLICE XXV. THE SLICE GROUP XXI TO XXV FUND SHOULD BE RAISED FOR THE PURPOSE OF FUNDING SLICE XXV AT A NORMAL SIZE UNDER THE PRESENT COST-SHARING FORMULA.

2. FUTURE FIVE-YEAR INFRASTRUCTURE PROGRAM. NATO INFRASTRUCTURE SHOULD CONTINUE EXCLUSIVELY ON THE BASIS OF A PROGRAM FINANCED IN COMMON BY ALL MEMBER COUNTRIES. THEREFORE, THE ESTABLISHMENT OF A NEW EDIP SHOULD BE EXCLUDED. WITHIN THE FRAMEWORK OF SUCH A COMMONLY FINANCED QTE NORMAL UNQTE INFRASTRUCTURE PROGRAM THE FEDERAL REPUBLIC OF GERMANY WOULD BE WILLING TO CONSIDER A MAJOR INCREASE OF THE PRESENT CEILING (250 MILLION PLUS ABOUT 50 MILLION IAU FOR SLICE XXV) IN ORDER TO TAKE THE MINIMUM MILITARY REQUIREMENTS INTO ACCOUNT AS FAR AS POSSIBLE IN SPITE OF CONTINUOUS COST INCREASES.

3. COST SHARING. BECAUSE OF THE COMPLEXITY OF THE SUBJECT, IT SHOULD BE AVOIDED, TO BROACH THE QUESTION OF CHANGING THE COST SHARING FORMULA. HOWEVER, IF THIS IS NOT AVOIDABLE IT SHOULD BE REMEMBERED-AS FAR AS THE FEDERAL REPUBLIC OF GERMANY IS CONCERNED-THAT THE GERMAN CONTRIBUTION AMOUNTS ALREADY TO 25.178 PCT. AN INCREASE OF THIS SHARE IS NOT ENVISAGED BY THE FRG NOT ONLY FOR FINANCIAL BUT ALSO FOR GENERAL POLITICAL CONSIDERATIONS. IT IS POINTED OUT IN THIS CONNECTION THAT A 25 PCT SHARE IN THE FINANCING OF INTERNATIONAL ORGANIZATIONS (E.G., THE UN) IS GENERALLY REGARDED AS A LIMIT THE PASSING OF WHICH IS NOT CONSIDERED OPPORTUNE FOR POLITICAL REASONS. MOREOVER, IT SHOULD BE TAKEN INTO CONSIDERATION THAT A CHANGE OF THE COST SHARING FORMULA WOULD HAVE ALSO OTHER EFFECTS, FOR INSTANCE, ON THE DISTRIBUTION OF THE NICS PRODUCTION. UNQUOTE.

3. THE STATEMENT BY THE ITALIAN REP FOLLOWS (ANNEX II TO REF C):
CONFIDENTIAL

PAGE 03 NATO 03575 272146Z

QUOTE FOLLOWING MY STATEMENT AT ANNEX IV TO AC/4-DS/906 I HAVE THE PLEASURE TO PROVIDE THE FOLLOWING ADDITIONAL INFORMATION RECEIVED FROM MY AUTHORITIES:

1. THE CEILING FOR THE NEXT SLICE GROUP SHOULD BE SELECTED AMONGST THE LESS EXPENSIVE ONES (300-350 MILLION IAU) IN ORDER (A) TO AVOID THAT IT MAY BE HIGHER THAN THE REAL CAPABILITY OF REALIZATION OF THE ALLIED COUNTRIES; AND (B) TO CONFORM THE NATIONAL CONTRIBUTION OF 7.57 PCT COST SHARING TO THE ACTUAL ECONOMIC POSSIBILITY OF ITALY.

2. MOREOVER, FROM A NATIONAL POINT OF VIEW, ITALY IS PREPARED TO CONSIDER A NEW FIVE-YEAR EDIP OF 150 MILLION

IAU PROVIDED THAT THE US COST SHARE FOR THE NEXT NORMAL INFRA-STRUCTURE PROGRAM WILL BE 29.67 PCT. UNQUOTE.

4. THE UK REP STATED THAT THE SUBJECT WAS STILL UNDER ACTIVE CONSIDERATION BY HIS AUTHORITIES WHO WERE STUDYING WITH GREAT CARE THE NATIONAL POSITIONS EXPRESSED SO FAR AND THAT IT WAS HOPED THAT HIS AUTHORITIES' VIEWS MIGHT BE AVAILABLE IN SEPTEMBER.

5. ATTENTION WAS DRAWN TO THE CONTROLLER'S LETTER OF 19 JULY 73 (INFRA/CONTROLLER/73/46) TO THE EURO-GROUP INFRASTRUCTURE REP QUOTED AS FOLLOWS:

QUOTE SUBJECT: STATUS OF INFRASTRUCTURE PLANNING-COST SHARING PERIOD 1975-1979. REFS: A. AC/4-DS/906, ITEM I; B. IS/73/72.

1. AT ITS MEETING OF 10 JULY 1973 (REF A) THE INFRASTRUCTURE COMMITTEE DISCUSSED THE QUESTION OF THE LEVEL OF FUNDING FOR THE NEXT COST SHARING PERIOD. THE SUMMARY RECORD OF THAT MEETING (REF B) INDICATES THAT IN THE COURSE OF THE DISCUSSION SEVERAL REPRESENTATIVES MENTIONED THE POSSIBILITY OF A SPECIAL EDIP CONTRIBUTION TO THAT SLICE GROUP.

2. IT WOULD THEREFORE APPEAR THAT DISCUSSION IN THE INFRASTRUCTURE COMMITTEE WOULD BE FACILITATED IN RESPECT OF THE FUNDING LEVEL FOR THE NEXT SLICE GROUP, AS WELL AS THE CONFIDENTIAL

PAGE 04 NATO 03575 272146Z

DETERMINATION OF ITS COST SHARING PERCENTAGE, IF THE INTENTIONS OF THE EURO-GROUP NATIONS WERE KNOWN AS REGARDS THE POSSIBILITY OF MAKING AVAILABLE A SPECIAL EDIP CONTRIBUTION TO THE INFRASTRUCTURE PROGRAM AND THE AMOUNT OF SUCH A CONTRIBUTION.

3. MAY I THEREFORE SUGGEST THAT THE INFRASTRUCTURE EURO-GROUP REPRESENTATIVES CONSIDER THIS MATTER AND TAKE WHATEVER STEPS ARE DEEMED APPROPRIATE IN ARRIVING AT A CONSOLIDATED EURO-GROUP VIEW ON THIS QUESTION.

4. IN VIEW OF THE TIME CONSTRAINTS IMPOSED UPON THE INFRASTRUCTURE COMMITTEE IN FINDING A SATISFACTORY SOLUTION TO THE LEVEL OF FUNDING FOR THE NEXT COST SHARING PERIOD, I WOULD APPRECIATE IF YOU WOULD KEEP THE COMMITTEE INFORMED ON ANY DEVELOPMENTS UNQUOTE.

6. PROPOSED POSITION TO BE TAKEN AT NEXT MEETING ON SEPTEMBER 4, 1973, IS CONTAINED IN USNATO 3091 AND IN STATE 129340.
RUMSFELD

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<< END OF DOCUMENT >>

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